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THE AGRICULTURAL SITUATION

A Brief Summary of Economic Conditions

ISSUED MONTHLY BY THE BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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MORE HOGS—FEWER BEEF CATTLE

The annual inventory of the Nation's livestock made as of January 1 reveals that we have more sheep and hogs but fewer cattle and horses than a year ago. Computed on a basis of equivalent units, it appears that there are about the same total number of animal units in the country as last year, but the total value of livestock is about \$500,000,000 higher.

Favorable prices two and three years ago stimulated hog production so that last year 6 to 8 per cent more pigs were raised than in 1926. A slump in the foreign pork market early last season contributed to depress prices. The swine industry thus opens this year with about 4½ million head more on farms than a year ago, with prices relatively low, and with little likelihood of a reduction in slaughterings until the present crop of pigs is worked off. The December survey suggested the probability of a pig crop in the corn belt about 10 per cent smaller this spring than last. This would mean a substantial reduction in market supplies by next winter.

The number of sheep and lambs in the country was 2,700,000 greater at the beginning of this year than last and was the largest in 16 years. About 10 per cent more lambs were reported on feed. Prospects indicate a lamb crop this spring somewhat larger than last, assuming average weather conditions. Thus there will be apparently more lambs coming to market both in the first half and in the latter half of this year than was the case last year. The wool situation, however, appears favorable to producers.

In contrast to sheep, the beef cattle industry has been curtailing production. The total number of cattle in the country January 1 was 1,176,000 head, or 2 per cent fewer than a year ago. That is 15,500,000, or 22 per cent, below the high point of 1918. It seems probable that the cattle industry is at or near the low point of a production cycle. These cycles usually extend over a period of 14 to 16 years. Previous low points in production occurred in 1898 and 1912. The expectation is that the improvement in cattle prices will stimulate the restocking of farms and ranges and that the trend of production will soon be gradually upward and for several years to come.

The dairy industry appears to be in strong position, with some slight tendency to increase its young stock. There were about 3 per cent more yearling dairy heifers on farms January 1 than a year ago.

The steadily shrinking number of horses (600,000 fewer this January 1 than last) reflects a transition perhaps without parallel in history. It has now gone far enough, however, to stimulate horse prices, with the presumption that good draft-type colts will grow into money for some years to come.

KEY REGIONS AT A GLANCE

The East.—Weather was mild until the last of the month, with little snow cover and streams generally open. Usual winter work going forward in woods and about the barns, but there has been no general ice harvest as yet. Dairy situation still considered reasonably stable; January 1 estimate showed slightly more calves and heifers than a year ago.

The South.—Tender truck and fruit suffered from freezes last month. Planting of winter vegetables made progress in Gulf territory; heavy shipments from Florida and Texas. Both latter States hurt in some areas by dry weather. Winter grain hurt in certain northern sections by freezes but growing fairly well elsewhere. Considerable work being done in preparation of land and seed beds for spring planting.

Corn Belt.—Not much snow during month. Freezing and thawing without snow cover apparently damaged wheat and grass in many areas. Wheat frequently brown and local reports on late planted grain suggest general damage. Estimated 6 per cent fewer cattle on feed January 1 than year ago for Corn Belt, though more than last year in Nebraska and Kansas where corn is plentiful. Survey indicates probability that this spring's pig crop will be about 10 per cent less than last spring, assuming average weather conditions.

Wheat Belt.—Winter wheat reported in good condition in eastern Kansas and Nebraska but suffering severely from drought in western half those States. Considerable grain appears dead in western Kansas and northwestern Oklahoma. Snow cover generally lacking last month and freezing damage reported in South Dakota. Some plowing and field work done during month in addition to usual marketing of grain.

Range Country.—Little general snow cover last month, though fair depth in northern mountains. Ranges open in part, but considerable feeding necessary throughout the north. Southern territory very dry, with streams low and feed short. Stock still reported in good condition, however. January 1 estimate of 16 per cent fewer cattle on feed in Western States than year ago. But apparently supply of all sheep and lambs for slaughter during first half of 1928 will be largest since same months in 1914.

Pacific Coast.—Some severe freezes last month, with snow cover uneven in north and probable damage to wheat reported. Considerable feeding of livestock necessary in north. In California, the frosts damaged citrus groves and necessitated much replanting of tomatoes, squash, cantaloupes, and other truck crops. Cold weather retarded winter grain and grass, but stock generally in good condition.

TREND OF LIVESTOCK PRODUCTION

The following shows the number of farm animals in the United States according to the estimate made as of January 1 each year. (Issued January 25, 1928, by Crop Reporting Board.)

[Figures given in terms of thousands, last three ciphers being omitted]

	1921	1922	1923	1924
Horses.....	19, 125	18, 546	17, 943	17, 222
Mules.....	5, 574	5, 626	5, 696	5, 720
All cattle.....	67, 174	67, 264	66, 156	64, 507
Milk cows ¹	21, 239	21, 665	21, 840	22, 161
Swine.....	58, 328	58, 100	68, 189	64, 950
Sheep.....	37, 452	36, 329	37, 223	38, 300
	1925	1926	1927	1928
Horses.....	16, 489	15, 830	15, 145	14, 541
Mules.....	5, 725	5, 739	5, 679	5, 566
All cattle.....	61, 996	59, 122	56, 872	55, 696
Milk cows ¹	22, 481	22, 188	21, 818	21, 948
Swine.....	55, 568	52, 148	54, 408	58, 969
Sheep.....	38, 112	39, 730	41, 846	44, 545

¹ Cows and heifers 2 years and over kept for milk.

Increased numbers of hogs and sheep, and decreased numbers of cattle, horses, and mules, January 1, 1928, compared to a year ago are shown by the annual estimate of livestock numbers on farms issued by the United States Department of Agriculture.

These increases and decreases were shown by nearly all sections of the country, but in varying degrees. Both the numbers of milk cows and of yearling heifers being kept for milk cows showed small increases compared to a year ago.

Combining all livestock numbers in units which allow for differences in size and feed requirements of the several species, it appears that the decreases in cattle, horses, and mules approximately offset the increases in sheep and hogs.

The total value of all livestock on January 1, 1928, was \$5,596,-922,000, compared to \$5,078,418,000 on January 1, 1927. The 1928 valuation is the highest since 1921. The increased value this year, amounting to 10.2 per cent, was due principally to the marked increase in the value per head of cattle which much more than offset the decrease in cattle numbers and also offset the decrease in total hog values, which resulted from the marked decrease in the value per head.

AVERAGE PRICES OF FARM PRODUCTS RECEIVED BY PRODUCERS

Actual prices received by producers at local farm markets as reported to the division of crop and livestock estimates of this bureau. Average of reports covering the United States, weighted according to relative importance of district and State.

	5-year average, August, 1909- July, 1914	Decem- ber average, 1910- 1914	Decem- ber, 1926	Novem- ber, 1927	Decem- ber, 1927
Cotton, per lb.....cents..	12. 4	12. 2	10. 0	20. 0	18. 7
Corn, per bu.....do.....	64. 2	57. 7	64. 5	73. 7	75. 1
Wheat, per bu.....do.....	88. 4	86. 7	122. 8	111. 4	113. 9
Hay, per ton.....dollars..	11. 87	11. 99	13. 47	10. 54	10. 55
Potatoes, per bu.....cents..	69. 7	62. 3	137. 0	95. 4	94. 1
Oats, per bu.....do.....	39. 9	38. 3	41. 1	45. 1	48. 1
Beef cattle, per 100 lbs.dollars..	5. 22	4. 93	6. 42	8. 00	8. 32
Hogs, per 100 lbs.....do.....	7. 23	6. 93	10. 97	8. 99	8. 14
Eggs, per doz.....cents..	21. 5	29. 6	47. 6	41. 6	43. 3
Butter, per lb.....do.....	25. 5	28. 3	45. 5	44. 5	45. 7
Butterfat, per lb.....do.....			47. 9	45. 8	47. 8
Wool, per lb.....do.....	17. 7	18. 6	30. 1	31. 1	32. 0
Veal calves, per 100 lbs.dollars..	6. 75	6. 74	9. 44	10. 67	10. 71
Lambs, per 100 lbs.....do.....	5. 91	5. 92	10. 92	11. 42	11. 39
Horses, each.....do.....	142. 00	137. 00	73. 00	75. 00	75. 00

The decline in the farm price of cotton which started in September continued during the period from November 15 to December 15. This downward movement during the months from September to December is not unusual. Last year the decline from September 15 to December 15 amounted to about 6.8 cents, while during the same period this year the decline has amounted to 3.3 cents. The farm price of cottonseed which has been rising since August, showed about a 9 per cent decline from last month.

The increase of 2 per cent in the farm price of wheat was the first increase for six months. Up until this month the farm price had been on a continuous decline since June. The increase during the month may be accounted for largely by the strengthening of foreign markets accompanied by reports of low quality in Canada and several northern European countries and some uncertainty as to the outturn of the Argentine and Australian crop.

The farm price of corn, which had been declining for several months, made an increase of 2 per cent over November. The increase may be accounted for in part by the light market receipts, the decreased visible supply, and a better foreign demand. The corn-hog ratio for the United States declined 1.4 points during the month, from 12.2 to 10.8.

Further decline in the farm price of hogs during the period from November 15 to December 15 was not unusual. Prices ordinarily decline during this season of the year; this fall, however, the decline occurred a little more suddenly and has gone further than usual.

The farm price of wool advanced 3 per cent during the period from November 15 to December 15. Wool was then at the highest point since May, 1926, and was about 6 per cent higher than a year previous. Consumption of raw wool is above a year ago and mill activity has been well maintained. World wool production is estimated as slightly smaller than 1926 but somewhat larger than 1925.

PRICE INDEXES FOR DECEMBER, 1927

Farm products figures from this bureau; commodity groups from Bureau of Labor Statistics (latter shown to nearest whole number). Shows year ago and latest available month.

FARM PRODUCTS

[Prices at the farm; August, 1909–July, 1914=100]

	Decem- ber, 1926	Novem- ber, 1927	Decem- ber, 1927	Month's trend
Cotton.....	81	161	151	Lower.
Corn.....	100	115	117	Higher.
Wheat.....	139	126	129	Do.
Hay.....	113	89	89	Unchanged.
Potatoes.....	197	137	135	Lower.
Beef cattle.....	123	154	160	Higher.
Hogs.....	152	124	112	Lower.
Eggs.....	221	193	201	Higher.
Butter.....	178	175	179	Do.
Wool.....	169	175	180	Do.

COMMODITY GROUPS

[Wholesale prices; 1910–1914=100]¹

	Decem- ber, 1926	Novem- ber, 1927	Decem- ber, 1927	Month's trend
Farm products.....	135	153	153	Unchanged.
Food, etc.....	150	153	151	Lower.
Cloths and clothing.....	172	180	180	Unchanged.
Fuel and lighting.....	212	181	180	Lower.
Metal and metal products.....	135	126	127	Higher.
Building materials.....	178	161	161	Unchanged.
Chemicals, etc.....	127	122	120	Lower.
House-furnishing goods.....	165	164	164	Unchanged.
All commodities.....	150	152	152	Do.

¹ Bureau of Labor Statistics index numbers converted to 1910–1914 base.

RELATIVE PURCHASING POWER

[At December, 1927, farm prices; August, 1909—July, 1914=100]

In terms of—	Of a unit of—				
	Cot- ton	Corn	Wheat	Hay	Pota- toes
All commodities.....	99	77	85	59	89
Cloths, etc.....	84	65	72	49	75
Fuel, etc.....	84	65	71	49	75
Metals, etc.....	119	92	101	70	106
Building materials.....	94	73	80	55	84
House-furnishing goods.....	92	72	79	54	83

In terms of—	Of a unit of—				
	Beef Cattle	Hogs	Eggs	Butter	Wool
All commodities.....	105	74	133	118	118
Cloths, etc.....	89	63	112	100	100
Fuel, etc.....	89	62	112	99	100
Metals, etc.....	126	88	158	141	141
Building materials.....	100	70	125	112	112
House-furnishing goods.....	98	69	123	110	110

Among the important crops noted above, the most significant change in indicated unit purchasing power, during December, was a further decline of 7 points in cotton from the previous month. Potatoes also declined 1 point. Corn and wheat each advanced 2 points and hay 1 point.

Among the livestock products listed, hogs declined 8 points in unit purchasing power during the month. The others all advanced, beef cattle 4 points, eggs 6 points, butter and wool each 3 points.

Notwithstanding the marked declines in the relative price of cotton, that crop still stands in fairly advantageous position as respects its unit exchange value for commodities in general.

The above indexes reflect the reversal of conditions in the case of beef cattle and hogs, as compared with two or three years ago. Cattle prices have now reached a point high enough in relation to other things to stimulate production. Hogs, on the other hand, have a unit exchange value so low as presumably to discourage expansion of production. However, December is normally a low month in seasonal hog prices.

GENERAL BUSINESS INDICATORS RELATED TO AGRICULTURE

	Decem- ber, 1926	Novem- ber, 1927	Decem- ber, 1927	Month's trend
PRODUCTION				
Pig iron, daily (thousand tons)-----	100	88	87	Decrease.
Bituminous coal (million tons)-----	57	41	41	Unchanged.
Steel ingots (thousand long tons)-----	3, 467	3, 102	3, 150	Increase.
CONSUMPTION				
Cotton, by mills (thousand bales)----	603	626	544	Decrease.
Unfilled orders, Steel Corporation (thousand tons).	3, 961	3, 455	3, 973	Increase.
Building contracts in 27 northeastern States (million dollars).	481	390	415	Do.
Hogs slaughtered (thousands)-----	2, 441	2, 382	2, 745	Do.
Cattle slaughtered (thousands)-----	1, 136	1, 240	980	Decrease.
Sheep slaughtered (thousands)-----	934	950	896	Do.
MOVEMENTS				
Bank clearings (New York) (billion dollars).	27	28	32	Increase.
Car loadings (thousands)-----	4, 490	3, 823	4, 173	Do.
Mail-order sales (million dollars)-----	53	51	59	Do.
Employees, New York State factories (thousands).	495	476	467	Decrease.
Average price 25 industrial stocks (dollars).	179	238	242	Increase.
Interest rate (4-6 months' paper, New York) (per cent).	4. 38	4. 23	4. 25	Do.
Retail food price index (Department of Labor). ¹	162	156	156	Unchanged.
Wholesale price index (Department of Labor). ¹	147	150	149	Lower.

¹ 1913=100.

The general tenor of statements of business observers seems to be that, while the year is starting off with conditions less favorable than last year, there is reason to expect improvement further along in the season. Basis for such expectation is said to exist in the probable activity of the steel industry and in the building construction field generally.

On the other hand, questions are raised on certain possible developments; for example, the possible industrial effects of severe competition among automobile manufacturers. Observers are not lacking to express a conservative view of the entire business prospect.

So far as concerns the production plans of farmers, the probability appears to be that the domestic market for this year's output will be equal to that at present, with the possibility of some improvement.

GENERAL TREND OF WAGES AND PRICES

[1910-1914=100]

Year and month	General wage level ¹	Farm wages ²	Retail price of food ³	Whole-sale price of food ³	Whole-sale price, all commodities ⁴
1910.....	-----	97	96	100	103
1911.....	-----	97	95	96	95
1912.....	-----	101	101	103	101
1913.....	-----	104	103	99	102
1914.....	⁵ 100	101	106	101	100
1915.....	101	102	104	104	103
1916.....	114	112	117	120	129
1917.....	129	140	151	166	180
1918.....	160	176	174	187	198
1919.....	185	206	192	205	210
1920.....	222	239	210	218	230
1921.....	203	150	158	143	150
1922.....	197	146	146	137	152
1923.....	214	166	151	143	156
1924.....	218	166	150	143	152
1925.....	223	168	162	156	162
1926.....	229	171	166	152	154
December:					
1921.....	196	-----	155	135	142
1922.....	208	-----	152	145	159
1923.....	220	-----	155	146	154
1924.....	222	-----	156	157	160
1925.....	229	-----	161	156	159
1926.....					
October.....	231	176	165	151	152
November.....	230	-----	167	150	151
December.....	232	-----	167	150	150
1927.....					
January.....	232	162	164	149	150
February.....	231	-----	161	147	149
March.....	234	-----	159	146	148
April.....	230	166	158	146	147
May.....	230	-----	160	147	147
June.....	230	-----	163	145	146
July.....	228	172	158	144	147
August.....	231	-----	157	145	149
September.....	233	-----	159	149	152
October.....	231	175	161	152	153
November.....	226	-----	161	153	152
December.....	233	-----	161	151	152

¹ Average weekly earnings, New York State factories.² Index based on both monthly and daily wages.³ Bureau of Labor Statistics index numbers converted to 1910-1914 base.⁴ Bureau of Labor Statistics.⁵ June.

GENERAL TREND OF PRICES AND PURCHASING POWER

[On 5-year base, August, 1909–July, 1914=100]

Year and month	Index numbers of farm prices							Wholesale prices of non-agricultural commodities ¹	Relative purchasing power of farmer's product ²
	Grains	Fruits and vegetables	Meat animals	Dairy products	Poultry products	Cotton and cotton-seed	All groups, 30 items		
1910.....	104	91	103	100	104	113	103	102	101
1911.....	96	106	87	97	91	101	95	96	99
1912.....	106	110	95	103	101	87	99	100	99
1913.....	92	92	108	100	101	97	100	105	95
1914.....	103	100	112	100	105	85	102	97	105
1915.....	120	83	104	98	103	78	100	101	99
1916.....	126	123	120	102	116	119	117	138	85
1917.....	217	202	173	125	157	187	176	182	97
1918.....	226	162	202	152	185	245	200	188	107
1919.....	231	189	206	173	206	247	209	199	105
1920.....	231	249	173	188	222	248	205	241	85
1921.....	112	148	108	148	161	101	116	167	69
1922.....	105	152	113	134	139	156	124	168	74
1923.....	114	136	106	148	145	216	135	171	79
1924.....	129	124	109	134	147	211	134	162	83
1925.....	156	160	139	137	161	177	147	165	89
1926.....	129	189	146	136	156	122	136	161	85
1927.....	128	155	139	138	141	128	131	152	86
December—									
1920.....	138	144	124	182	272	101	140	208	67
1921.....	88	165	91	147	211	131	115	161	72
1922.....	111	104	107	147	198	195	131	175	75
1923.....	108	114	98	155	198	253	137	162	85
1924.....	155	110	113	137	217	176	139	163	85
1925.....	140	194	136	146	213	139	143	165	87
1926.....	120	137	140	144	212	81	127	158	80
1927									
June.....	140	201	129	132	102	119	130	150	86
July.....	139	195	131	130	112	125	130	151	87
August.....	138	172	136	129	122	136	132	151	88
September.....	134	145	142	135	143	179	140	152	92
October.....	128	138	145	139	167	169	139	151	92
November.....	120	³ 136	141	141	189	162	³ 137	151	91
December.....	123	141	138	145	195	153	137	151	91

¹ Computed by Bureau of Labor Statistics from wholesale prices of all commodities except those from United States farms. 1910–1914=100.

² The value of a unit of the farmer's product in exchange for nonagricultural products at wholesale prices, compared with pre-war values. Obtained by dividing index of all groups (30 items) by the index of the wholesale prices of nonagricultural products.

³ Revised.

THE TREND OF MOVEMENT TO MARKET

Figures show wheat, corn, hogs, cattle, sheep receipts at primary markets; butter receipts at five markets, compiled by this bureau.

Year and month	Receipts					
	Wheat	Corn	Hogs	Cattle	Sheep	Butter
Total:	<i>1,000 Bushels</i>	<i>1,000 Bushels</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000 Pounds</i>
1920.....	332, 314	210, 332	42, 121	22, 197	23, 538	402, 755
1921.....	435, 606	340, 908	41, 101	19, 787	24, 168	468, 150
1922.....	413, 106	378, 598	44, 068	23, 218	22, 364	526, 714
1923.....	386, 430	271, 858	55, 330	23, 211	22, 025	545, 380
1924.....	482, 007	278, 719	55, 414	23, 695	22, 201	587, 477
1925.....	346, 381	223, 604	43, 929	24, 067	22, 100	574, 489
1926.....	362, 876	234, 873	39, 772	23, 872	23, 868	572, 935
1927.. ---	455, 991	241, 245	41, 411	22, 763	23, 935	581, 592
December:						
1920.....	30, 780	18, 276	4, 200	1, 395	1, 566	21, 573
1921.....	21, 616	42, 639	3, 931	1, 417	1, 664	30, 839
1922.....	46, 002	38, 145	5, 004	1, 825	1, 516	32, 334
1923.....	28, 756	37, 930	5, 825	1, 810	1, 526	34, 888
1924.....	33, 076	29, 239	6, 604	2, 083	1, 605	33, 155
1925.....	33, 670	32, 587	4, 380	2, 056	1, 608	36, 199
1926.....	19, 831	22, 528	3, 910	1, 846	1, 706	36, 054
1927						
January.....	19, 379	23, 658	4, 252	1, 832	1, 740	37, 705
February.....	19, 462	24, 499	3, 308	1, 555	1, 496	38, 375
March.....	17, 504	18, 535	3, 754	1, 743	1, 558	45, 210
April.....	13, 680	10, 445	3, 142	1, 674	1, 486	48, 279
May.....	17, 760	12, 908	3, 613	1, 956	2, 013	63, 710
June.....	18, 346	26, 361	3, 775	1, 732	1, 816	75, 756
July.....	52, 996	14, 724	3, 046	1, 547	1, 676	67, 282
August.....	78, 909	17, 023	3, 041	2, 065	2, 209	57, 446
September....	79, 962	21, 259	2, 565	1, 988	2, 848	42, 234
October.....	71, 696	19, 132	3, 039	2, 635	3, 587	38, 301
November.....	42, 394	15, 924	3, 666	2, 346	1, 896	33, 607
December.....	23, 903	36, 777	4, 209	1, 691	1, 609	33, 687

Movement of wheat to market during December was somewhat heavier than the previous December but below same month in other recent years. Corn movement was relatively heavy. More hogs went to market than in December, 1926, but fewer cattle and sheep and less butter.

THE TREND OF EXPORT MOVEMENT

Compiled from the Department of Commerce reports by division of statistical research of this bureau.

Year and month	Wheat, ¹ including flour	Tobacco (leaf)	Bacon, ² hams, and shoulders	Lard	Total ³ meats	Cot- ton, ⁴ run- ning bales
	<i>1, 000 bushels</i>	<i>1, 000 pounds</i>	<i>1, 000 pounds</i>	<i>1, 000 pounds</i>	<i>1, 000 pounds</i>	<i>1, 000 bales</i>
Total—						
1920-----	311, 601	467, 662	821, 922	612, 250	1, 043, 500	6, 111
1921-----	359, 021	515, 353	647, 680	868, 942	786, 280	6, 385
1922-----	235, 307	430, 908	631, 452	766, 950	733, 832	6, 015
1923-----	175, 190	474, 500	828, 890	1, 035, 382	958, 472	5, 224
1924-----	241, 454	546, 555	637, 980	944, 095	729, 832	6, 653
1925-----	138, 784	468, 471	467, 459	688, 829	547, 361	8, 362
1926-----	193, 861	478, 769	351, 591	698, 971	428, 613	8, 916
1927-----	222, 792	506, 751	237, 798	681, 303	302, 936	9, 198
December—						
1920-----	30, 377	45, 391	83, 276	90, 080	101, 088	785
1921-----	15, 217	38, 772	36, 848	64, 542	42, 242	635
1922-----	16, 728	36, 954	65, 642	78, 596	76, 830	605
1923-----	13, 358	49, 269	76, 263	98, 578	89, 887	834
1924-----	24, 616	44, 384	33, 788	76, 803	43, 113	1, 053
1925-----	8, 437	68, 378	40, 277	68, 840	46, 537	974
1926-----	15, 301	50, 379	23, 503	62, 680	28, 746	1, 504
1927						
January----	12, 821	66, 337	20, 597	59, 842	25, 748	1, 074
February----	8, 997	46, 840	19, 476	49, 884	24, 313	979
March-----	9, 183	41, 669	18, 108	53, 040	23, 754	1, 084
April-----	16, 039	35, 041	17, 844	67, 345	23, 930	825
May-----	14, 123	40, 376	21, 634	64, 418	27, 035	612
June-----	11, 515	33, 053	25, 293	66, 404	30, 924	468
July-----	12, 100	28, 229	24, 040	46, 972	30, 043	372
August-----	28, 347	27, 817	16, 841	50, 816	23, 123	322
September--	39, 765	38, 394	23, 952	59, 736	30, 213	620
October----	36, 347	47, 044	16, 322	50, 355	21, 418	1, 113
November--	21, 344	54, 307	13, 744	49, 636	17, 982	984
December--	12, 211	47, 644	19, 947	62, 855	24, 453	745

¹ Wheat flour is converted on a basis of 4.7 bushels of grain equal 1 barrel of flour.

² Includes Cumberland and Wiltshire sides.

³ Includes fresh, canned, and pickled beef, bacon, hams, and shoulders; fresh canned, and pickled pork; fresh mutton and lamb.

⁴ Excludes linters.

TREND OF DAIRY PRODUCTION

[Million pounds, 000,000 omitted]

PRODUCTION

	December			January to December, inclusive		
	1927	1926	Percent change	1927	1926	Percent change
Creamery butter.....	88	91	-3.0	1,467	1,452	+1.0
Farm butter.....	38	38	-1.7	600	615	-2.4
Total butter..	126	129	-2.6	2,067	2,067	+0.01
Cheese.....	21	21	+0.7	401	427	-6.1
Condensed and evaporated milk...	99	99	+0.7	1,922	1,734	+10.9
Total milk equivalent..	3,109	3,176	-2.1	52,226	52,010	+5.4

APPARENT CONSUMPTION

[Including production, changes in stocks, and net imports or exports]

Butter.....	163	162	+1.0	2,059	2,088	-1.4
Cheese.....	35	39	-9.4	486	510	-4.8
Condensed and evaporated milk...	129	125	+2.7	1,754	1,677	+5.4
Total milk equivalent..	4,103	4,099	+0.1	52,487	53,140	-1.2

T. R. PIRTLE,

*Division of Dairy and Poultry Products, B. A. E.***COLD STORAGE SITUATION**

[January 1 holdings shows nearest million; i. e., 000,000 omitted]

Commodity	5-year average	Year ago	Month ago	January 1, 1928
Creamery butter.....pounds..	42	34	83	46
American cheese.....do.....	49	55	53	48
Case eggs.....cases.....	1.4	1.1	2.9	.9
Total poultry.....pounds..	117	144	85	118
Total beef.....do.....	100	101	65	77
Total pork.....do.....	574	473	420	524
Lard.....do.....	50	50	46	55
Lamb and mutton.....do.....	3	5	4	5
Total meats.....do.....	760	642	541	666

THE DAIRY SITUATION

Butter markets have been irregular since the first of the year, and are now (January 26) fully 5 cents lower than at the opening of the month. But in considering this development, it should be taken into consideration that January butter markets are usually unsettled. Price declines have always occurred during each of the past few years, although in both 1926 and 1927 prices recovered before the month was over. Among various reasons which may be mentioned as to why January is so typically irregular is the fact that by then the old production season is well along and the trend as compared with previous years is quite well established. Major changes are well known and the season is so far advanced that ordinarily nothing unusual is expected in the matter of domestic production. The storage situation is also definitely to be taken into account at that time, for stocks should be cleared before the new season opens. If these stocks are heavy, their appearance upon current markets may depress current values unless production is running unusually low. But, whether the stocks be heavy or light, there is the possibility of foreign imports.

In the matter of storage stocks of butter, total United States holdings on January 1 were 46,300,000 pounds, compared to 34,300,000 pounds on January 1, 1927, and to a five-year average of 41,900,000 pounds. While substantial reductions have occurred each day since January 1, the ratio of this year and last remains about the same as it was early in the month, so that from a statistical standpoint we still have a little more than the usual surplus for this season of the year.

Some sizable imports of foreign butter have been received, total quantities since the middle of December being over a million and a half pounds according to trade information. The bulk of imports this year has consisted of New Zealand butter, most of it direct, but some being reshipments from London. Since New Zealand is in the Southern Hemisphere, the flush season there is just over and that country is in a favorable position to take advantage of outlets such as our present domestic markets, to which it has been profitable to ship goods despite the 12-cent tariff. Some Danish butter has been received, but quantities are relatively small.

Receipts of domestic butter at wholesale distributing markets have been slightly heavier so far this year than they were in 1927, which along with the most recent trade reports may be taken as some evidence that production is increasing. The last estimate of total United States butter production covered December, and indicated a 2.9 per cent decrease under December, 1926.

Cheese prices, which were higher throughout 1927 than in 1926, are at the moment about where they were a year ago at country warehouse points, although still a trifle higher at distributing markets. Storage stocks of cheese are about 10 per cent lighter than last year. This, together with lighter production during the past season, places cheese in a much stronger statistical position than butter. Stocks of condensed and evaporated milk continue relatively heavy, and the markets on these products are apparently not quite so firm as they have been. Production slowed up somewhat in December as compared with preceding months. There is nothing, however, to indicate any real weakness in market sentiment.

L. M. DAVIS,
Division of Dairy and Poultry Products, B. A. E.

THE EGG AND POULTRY SITUATION DURING 1927

As we look back we see that the year 1927 has had rather more than the usual fluctuating and shifting in the egg market situation. The first general impression was that the outlook was weak, and early in the year prices tumbled in the face of unusually heavy receipts. "Overexpansion" was the cry. Grave concern was expressed throughout the industry. The heavy receipts could not, of course, be absorbed by the market even at the low prices prevailing and storage holdings necessarily mounted rapidly. The holdings on May 1, June 1, July 1, and August 1, established new high levels for those months.

However, as early as June the situation began to change, and production and shipment to market began to drop below the level of the previous year. As the season advanced this development was seen to be a factor that was to carry on to the close of the year.

The causes of this change in the production trend are not definitely known. It is generally recognized that the number of hens on farms, early in the year, was larger than the year before and that the early production season was favored by weather conducive to heavy laying. It is thought that the decreased output was a result of several factors combined. These were the low prices of eggs relative to feed costs and other prices, the more favorable prices prevailing for live and dressed poultry, to some extent the coming of somewhat unfavorable weather, and the general "hue and cry" of overproduction. All of these things caused a tendency to reduce flocks and did not encourage forcing of production.

In spite of the very large output of the flush months it is doubtful if the total production for the year was greatly in excess of 1926. Receipts at the larger terminal markets during 1927 were slightly more than 4 per cent more than for the same period in 1926. However, on account of reshipments and the increasing of storing at country points, this figure may not, and probably does not, represent properly the country as a whole.

One of the outstanding features of the situation was the remarkable reduction in storage holdings after the high point was reached on August 1. From a surplus over the previous year of 900,000 cases on that date, the situation had shifted by December 1, until there was a shortage from the year preceding of 260,000 cases. This means that 1,160,000 more cases were moved from storage during the period of August-December in 1927 than in 1926.

Prices have been below those of 1926 for the greater part of the year and undoubtedly consumption of eggs showed an increase. But as the storage deal approaches its close much of the firmness of the past five months has disappeared and there is some uncertainty seen. Uncertainty of the new crop of pullets and winter production, and the knowledge that even though egg holdings are light there is an adequate reserve remaining, are factors in the foreground at the moment. However, most of the more desirable storage lots have already been moved, and up to the present at least, the storage deal has been a reasonably profitable one.

C. E. ECKLES,

Division of Dairy and Poultry Products, B. A. E.

THE EFFECT OF THE EUROPEAN CORN BORER ON FARM MANAGEMENT

Now that the European corn borer has become well established at the eastern edge of the Corn Belt, farmers are wondering what the extent of damage to the corn crop in the future will be and how their farm practices must be modified in order to live with the borer. Outside of the infested area farmers are worried that the ravages of the borer in several counties of Canada, where the corn acreage has been reduced by more than 70 per cent in four years, may be repeated in the United States.

So far, marked damage has been suffered in such a small area near Lake Erie and Lake St. Clair that farmers within the invested area are probably less fearful of the consequences of this pest than they have reason to be from the experience of farmers across the Canadian line.

While the corn borer is potentially probably the most destructive pest the Corn Belt has faced, yet there is considerable hope that its damage will not reduce yields materially over a large part of the corn area. Since the moths may fly from farm to farm laying eggs on the corn on neighboring farms, community effort on the part of farmers in cleaning up their cornfields, fence rows, and feed lots is necessary to keep the damage by the borer at a minimum.

The practices necessary to keep the borer damage from becoming serious involve substantial changes in the usual methods of handling corn on Corn Belt farms. The most effective methods known at present of destroying the borers include the shredding of the stalks or cutting them for silage, raking, and burning the stalks, or plowing them under so completely that no refuse is left on the surface. There is considerable variation in the amount of extra labor necessary in different parts of the present infested area due to the variation in the number of acres of corn grown per farm, the present methods of harvesting corn, and the usual means of preparing corn land for small grain the following year.

Where almost all of the corn is cut for silage or shock feeding and where plowing for small grains is the normal practice as in the infested area of northeastern Ohio and in parts of Michigan, the attempt to control the borer occasions very little extra labor. Cutting the corn lower than formerly and more careful plowing are practically the only changed operations in these districts. Where corn is fed from the shock it is necessary to rake up and burn the stalks and cobs around the feed lots unless the stalks have been shredded finely. The practice of shredding has become more common than formerly because of its effectiveness in destroying the borers in the stalks.

The acreage of corn per farm is considerably larger and a smaller proportion of it is cut in north central Ohio and southeastern Michigan than in northeastern Ohio. Moreover, the corn ground is usually disked rather than plowed in preparation for small grains in this district.

On farms in this district where a complete clean-up was performed in 1927, about nine hours of extra labor per acre were spent in breaking stalks, raking and burning stalks, plowing, extra preparation on account of plowing, and in picking up by hand any stalks or remnants left on the surface after the seed bed was prepared. This would amount to at least 30 days of extra work per farm on a large number

of farms in that area. The normal and extra operations performed by farmers in this district in 1927 in fitting stalk ground for small grain where plowing was done, and the approximate time per acre for the different operations, were as follows:

Operation	Normal operations		Corn borer conditions	
	Hours per acre		Hours per acre	
	<i>Man</i>	<i>Horse</i>	<i>Man</i>	<i>Horse</i>
Breaking stalks.....			0.5	1.0
Raking stalks.....			.7	1.4
Plowing.....			5.0	15.0
Disking (double).....	2.0	6.0	2.0	6.0
Harrowing.....	.8	2.4	.8	2.4
Rolling.....			.8	1.6
Handpicking and burning.....			2.2	-----
	2.8	8.4	12.0	27.4
Extra labor.....			9.2	19.0

A part of the corn land in north central Ohio and southeastern Michigan may be plowed in the spring in preparation for small grain without any bad results. Over most of this district, however, more labor is required to get the land in condition to seed after plowing than if no plowing is done. Yields are also often lower on plowed ground.

Along the Ohio-Indiana line lies the area of the heaviest corn production of any part of the present infested territory. The clean-up problem in this district is probably more difficult than in any other affected thus far. Conditions more nearly resemble those of the States farther west, and farmers in the heart of the Corn Belt may get a glimpse of what their future problem will be by watching operations in this area.

Here practically all of the corn is husked from the standing stalks and ordinarily none of the corn ground seeded to oats is plowed. It is usually not practical to get rid of the stalks by plowing them under because of the difficulty in getting the land into condition and because the yield of oats is often reduced on plowed land. The extra labor needed for plowing large acreages (60 acres of corn per farm in many cases) delays seeding and often causes a further reduction in yield. Normally this land is double disked, harrowed, and seeded.

Where corn is husked from the standing stalks, the most important field operations performed to control the corn borer, especially in the western Corn Belt not yet infested, will probably be the more careful raking and burning of stalks and the plowing under of as much cornland as possible in the fall. This will relieve the rush of work in the spring and do away with the objection to spring plowing for oats with regard to reduced yields.

In the western Corn Belt the increased use of the mechanical corn picker may facilitate the harvest of corn to a degree that the fall plowing of more stalk ground will be possible. In some instances it may be well to do some fall plowing in November, especially of land that is to go into oats the following spring, and finish the corn harvest later in the year when the ground is frozen. As far as pasturing the stalk ground is concerned, its value for this purpose has usually been overestimated. Aside from the waste corn that is on the ground, the stalks are usually of little value except for wintering horses or stocking thin cows. There will usually be plenty of stalk pasture on cornland that is to go back into corn again the following year to take care of this need on most farms.

The corn borer clean-up in the future will probably not be as burdensome as in 1927. Weather conditions were quite unfavorable during that season and farmers were not as familiar with the difficulties to be encountered as they will be in another year. As a result of last year's experience, it seems that the following practices are most important in attempting to keep down the number of borers: Low cutting of corn for silage or shock feeding, careful raking and burning of stalks where plowing is not practicable, and more effective plowing (in the fall if possible), with the use of jointers, rolling coulters, and wires or chains.

G. W. COLLIER,
Division of Farm Management and Costs.

A PERSPECTIVE OF THE CATTLE SITUATION

The lack of a sharply defined cause-and-effect relation between the long-time changes in market prices of cattle and the market supply has often obscured the true cattle situation and made it difficult for producers to appreciate the statistical position of the industry. This has been especially true for those who depend on day-to-day or even month-to-month market information. A broad perspective such as is revealed in the accompanying chart helps to visualize what took place in the last 25 years and will be helpful not only to those who are planning long-time production programs but to cattle feeders who are generally concerned more with season-to-season fluctuations.

Prices to the cattleman represent more than the exchange value of his cattle in terms of dollars and cents; it includes changes in the purchasing power of his product, which is often more significant than changes in market prices. In actual market prices the true situation can not always be easily detected as witness what happened during the World War, when there was a general upward trend of all prices, but after allowing for changes in the value of the dollar, the purchasing power of cattle brings out the rather definite periods when cattle have been profitable and unprofitable and reveals the traditional relationship between price and supply.

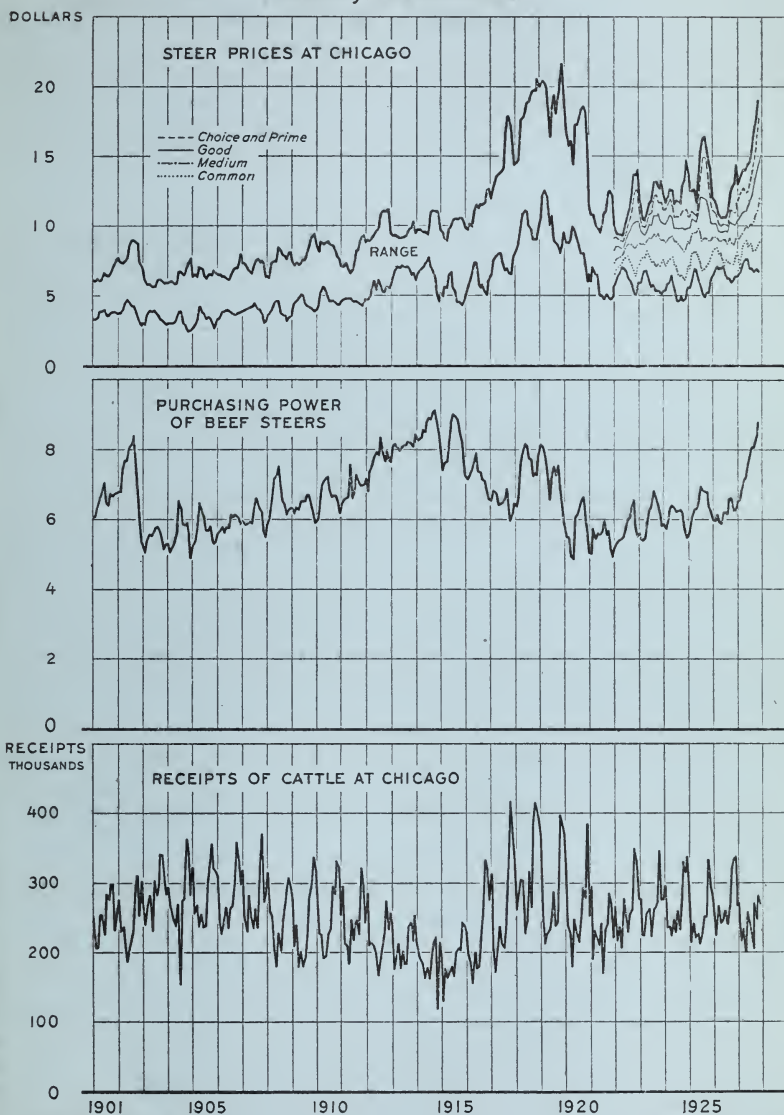
While these periodic swings in the profitability of cattle are generally accepted phenomena, their existence is often overlooked and their repetitiveness is seldom appreciated. Since records have been available the cattle industry has been subject to cyclical swings in production and in purchasing power. The time between periods of small supplies, or from peak to peak of the corresponding price cycle, has averaged from 14 to 16 years. Following the low point in market supplies and the high point in purchasing power around 1914 the relatively high prices and war demands for beef greatly stimulated cattle production and at the end of the war potential cattle production was at its peak. During the readjustment period following the war the low cattle prices caused postponed liquidation and cattle accumulated. Since 1921 slaughter has been exceeding production and the heavy movement to market has been the result of the high level of production plus post-war accumulations and the marked tendency to reduce herds because of relatively low prices.

The last half of 1927 market supplies dropped off very sharply as the result of short supplies of fed cattle and also reduced marketings of all cattle. Prices of fed cattle responded very sharply from the relatively low level in 1926 and the purchasing power of cattle also made a corresponding advance, approaching the high level attained in 1914 and 1915. With slaughter adjusted more in line with potential production considerable restocking will be necessary before any material increase in marketings can take place. Slaughter usually lags behind production as stock is held back for increasing breeding herds which leads to a further reduction in market supplies.

H. M. CONWAY,
Livestock, Meats, and Wool Division, B. A. E.

CATTLE PRICES AND SUPPLIES

Monthly, 1901 to Date



THE OUTLOOK FOR SWINE

The swine industry is passing through the low period of a hog price cycle as a result of expansion in production stimulated by the high hog prices and the favorable relation between corn and hog prices prevailing in 1925 and 1926. With an increase of 6 to 8 per cent in pigs raised in 1927 over those raised in 1926 no reduction in seasonal hog supplies for slaughter is indicated until next fall and winter when the spring pig crop of 1928 will be marketed. While some improvement in domestic demand for pork is anticipated as retail prices are readjusted in line with reductions in wholesale prices information regarding European hog production indicates that export demand during the greater part of 1928 will be even lower than in 1927.

With supply and demand conditions as indicated no material change in hog prices other than average seasonal fluctuations seems likely until next fall and winter when curtailed production resulting from the present unsatisfactory price situation should begin to affect market supplies

SUPPLY SITUATION

The combined spring and fall pig crop of 1927, as indicated by the pig survey, was about 5 per cent larger in the Corn Belt and 6 per cent larger for the United States than the crop of 1926. Losses from disease were considerably less than in 1926, as there was no serious epidemic of cholera like that which took an unusually heavy toll in that year. Estimated numbers of hogs on January 1, 1928, was 58,969,000 head compared with the revised estimate of 54,408,000 on January 1, 1927.

Available information regarding hog supplies for the current season, November 1, 1927, to May 31, 1928, indicates that slaughterings will be from 7 to 10 per cent larger than a year ago. Inspected slaughter for the first two months of this season was 6.9 per cent larger than in the previous year.

Most of the increase in the spring pig crop of 1927 in the Corn Belt occurred in the States east of the Mississippi River where corn production in 1927 was much below normal. The scarcity of corn in this section is causing the early marketing of these hogs and at light weights.

In the States west of the Missouri River, a near record crop of corn was raised in 1927 and hog production was below the average of recent years. In these States the corn-hog ratio, while less favorable for feeding than last year, is much above the usual differential compared to the eastern Corn Belt. As a result there is a marked tendency in that section to feed longer and delay marketings. While hog receipts at markets east of the Mississippi in November and December, 1927, were well above 1926, the receipts at Missouri River markets combined, were the lowest in many years.

An increase of 11 per cent in the fall pig crop of 1927 over that of 1926, as indicated by the December survey, serves as a basis for expecting that slaughter supplies next summer and fall will be somewhat larger than in the corresponding period of 1927.

The December, 1927, survey indicates a decrease of about 6 per cent in the number of sows farrowing in the Corn Belt in the spring

of 1928 compared with the spring of 1927. The present low level of hog prices compared to the past three years indicates even a larger reduction. With average weather conditions, the spring pig crop of 1928 will probably be about 10 per cent less than that of 1927 in this region, which would mean a substantial reduction in market supplies in the winter of 1928-29.

Present supplies of corn are ample for hog feeding in the western Corn Belt but a shortage exists in the eastern belt where the crop was the second smallest in many years. With corn prices approximately 20 per cent higher and hog prices 30 per cent lower than last year, the corn-hog ratio is generally unfavorable for hog feeding. As no decrease in corn acreage is likely in 1928 an average yield would insure a supply of corn for feeding next fall and winter at prices which would make feeding profitable.

DOMESTIC DEMAND

Domestic consumption of hog products last summer increased 15 per cent over consumption a year earlier due to increased slaughter and much larger storage supplies, and prices were much below 1926. A further sharp seasonal drop in prices from October to December occurred although indicated per capita consumption was only about 10 per cent larger than a year earlier. The general downward trend in the purchasing power of consumers in the last half of 1927 may have been partly responsible for the low level of wholesale and retail pork product prices.

It seems likely that general business activity during the first half of 1928 will increase from its present relatively low level, but it is, doubtful whether the year as a whole will show as high a level of industrial prosperity as during 1926 and the first half of 1927. However, the domestic demand for hogs will probably be more benefited by the consequences of changes in retail prices than by improvements in the business situation. Readjustments in retail prices of pork products in line with the changes in wholesale prices have recently become marked, and beef prices have shown increasing readjustment of retail prices to higher wholesale prices. These changes will tend to turn consumer demand to pork products and help to bring about a higher level of prices for both hogs and wholesale products.

While lard stocks are somewhat large compared to recent years a generally improved condition in the oils and fats markets due to a shorter cotton crop and consequently higher level of cottonseed oil prices should help to maintain the demand for lard as compared with a year ago.

FOREIGN DEMAND

Production of hogs in Great Britain and on the continent increased greatly in 1927 with resulting much lower prices for hog products in European markets and export demand for American pork products slumped sharply in 1927. Indications are that export demand during the coming spring and summer will be even lower than last year, but that during the winter and spring of 1928-29 it will show some recovery to about the comparatively low level of the first half of 1927.

No change is likely in the British embargo on fresh pork, which had the effect of causing a shift of Dutch production from fresh pork to cured products, with resulting greater competition for American cured products in the English market.

Numbers of brood sows in the principal foreign countries were 20 per cent larger in 1927 than the materially increased number in 1926 and will further increase foreign supplies this winter and so reduce the demand for American products. The hog and feed price ratio in foreign countries, however, was so unfavorable in 1927 that it is likely that in 1928 numbers of brood sows will be sharply reduced, possibly to about what they were in 1926, as hog producers in foreign countries respond to changes in the relation of hog prices to feed prices in a similar manner to the way they do in this country. This decrease in sows would lead to decreased production of pigs in 1928 and some improvement in our export demand.

No changes are anticipated in purchasing power in our principal foreign markets which will materially affect their demand for hogs. With the greater competition from foreign production, however, and the consequent lower foreign demand for our cured pork and to a lesser extent for lard, it is likely that exports of hog products will be even lower in 1928 than in 1927.

PRICE OUTLOOK

Prices to June 1.—Supplies of hogs during the first half of 1928 will probably be somewhat above last season, with slaughterings perhaps 8 to 12 per cent higher than a year ago. Domestic demand is likely to strengthen but foreign demand will probably continue to weaken so no material improvement in the demand situation as a whole can be expected. With large late shipments of heavy hogs from the western Corn Belt, the spring advance in prices may be less marked than usual, but it is possible that any marked improvement in domestic demand might result in a rather marked price increase.

Prices June 1 to October 30.—Supplies next summer will probably be somewhat larger than a year ago, but with continued low demand only a moderate strengthening in prices can be expected, with summer and fall prices probably averaging lower than a year earlier.

Prices after November 1.—If farmers carry out the reduction in the next spring pig crop indicated by the fall survey, supplies next winter will be substantially reduced. At the same time somewhat reduced supplies in Europe may improve foreign demand to a slight extent. While prices will be on the upward swing of the cycle, the upward trend will be just starting and no sharp advances seem likely before the summer of 1929, depending on the next corn crop and subsequent changes in numbers of hogs.

PRODUCTION OUTLOOK

The inspected slaughter of hogs in 1927 was almost three million head or 7 per cent larger than in 1926. The cost of these hogs to packers was \$169,000,000, or 14 per cent less than in 1926, the average cost per 100 pounds in 1927 being \$10.01 and in 1926 \$12.47. Slaughter in 1926 was the smallest in six years and the total cost of hogs slaughtered was the largest. Total cost in 1928 will be below that of 1927.

Present hog production is too large to bring largest net returns to producers. The situation of the Corn Belt producer is also weakened by the marked increase in hog production in other areas, especially

in the South, which is increasing the contribution of these areas to commercial supplies and reducing the demand for products from the outside. A reduction in sows farrowing in the Corn Belt in 1928 of at least 15 per cent below 1927 is needed to bring hog production back to a basis of returns comparable to 1925 and 1926. (From report of this bureau, issued January 30, 1928.)

THE BEEF CATTLE OUTLOOK

Market supplies of cattle in 1928 will probably be 6 to 10 per cent smaller than in 1927. The number of cattle and calves on farms and ranges January 1, 1928, was 2.1 per cent smaller than a year earlier and was the smallest number since 1912. In view of the expected unfavorable price relationship, from the consumer standpoint, between beef and other important meats, demand for beef is expected to be somewhat less than in 1927. It seems reasonably certain that prices of slaughter cattle will average higher than in 1927, although peak prices of that year may not be equaled. Stocker and feeder cattle are expected to enjoy a good active market in 1928 at prices considerably above those prevailing a year earlier.

CURRENT SUPPLIES

Cattle numbers in the United States continued to decrease during 1927. The estimated number on farms January 1, 1928, was 55,696,000 head, compared with 56,872,000 on January 1, 1927. This was the smallest number of cattle on farms since 1912 and probably the lowest since 1898, both of which years represented low points in cattle production cycles. With the exception of 1921, total slaughter of cattle and calves each year since 1917 has exceeded the number of calves born. This heavy slaughter did not affect market supplies noticeably until about the middle of 1927. After August, supplies dropped off sharply and the slaughter during the last four months of the year was the smallest since 1922.

The proportion of steers in the total cattle supply also decreased in 1927, and especially the proportion of steers two years old and over. The ratio of 2-year old steers to yearlings as indicated by reports as of December 1 from some 125,000 farms and ranches, declined from 83 per cent in 1926 to 72 per cent in 1927, and the ratio of total steers to all cattle declined from 10.7 to 9.7 per cent. The ratio of all calves to cattle increased, as did also the ratio of steer calves to cattle.

While all areas and nearly all States showed decreases in cattle numbers during 1927, the most significant decreases were in the north central States, which furnish the bulk of the cattle slaughtered east of the Missouri River, and in the States west of the Continental Divide, which furnished the Pacific coast cities with beef supplies. In Texas and the Southwest, cattle and calf marketings were in excess of last year, and in Texas the shipments of calves to slaughter were much above last year, many of them being good quality beef calves.

The number of cattle on feed in the Corn Belt on January 1 was estimated at 6 per cent below January 1, 1927, and the decrease in the Western States at 16 per cent. Nebraska, Kansas, and the Lancaster district in Pennsylvania and Maryland are the only areas where there were more cattle on feed this year than last. Average weights of cattle on feed are the lightest for many years.

PROSPECTIVE SUPPLIES

It seems probable that the industry is now at the low point of the present production cycle and prevailing conditions are similar in many respects to those existing at the beginning of 1913. These cycles usually extend over a period of 14 to 16 years. Previous low points in production occurred in 1898 and 1912.

It is expected, therefore, that from now on the trend of production will be gradually upward for several years to come. Present relatively small numbers of cattle in the country together with the relatively high prices which have prevailed for several months past, are expected to provide a strong incentive for cattlemen to restock farms and ranges and increase their herds.

The first clear intimation of reduced basic supplies consisted of the sharp reduction in marketings of range cattle during the fall of 1926. The situation was obscured somewhat by heavy marketings of fed cattle during the first half of 1927, but a marked reduction in market receipts after the middle of 1927 confirmed the earlier judgment beyond any doubt. This trend toward lighter marketing and slaughter is expected to continue throughout 1928, and result in a 6 to 10 per cent reduction in the number of cattle and calves marketed during the year.

With a plentiful supply of corn in most of the States which have the bulk of the cattle on feed, and in view of the relatively high level of prices, there will probably be a tendency to hold cattle on feed somewhat longer than normally. This may result in bunching of market receipts late in the spring. This movement, however, probably will not be sufficiently pronounced to depress prices seriously.

Supplies of finished cattle next summer will probably be slightly greater than a year ago. Presumably market supplies of stocker and feeder cattle in the fall of 1928 will be still smaller than during the corresponding period of 1927. This situation is expected to prevail despite the fact that imports of stocker and feeder cattle from Canada may show some increase. (From report of this bureau, issued January 30, 1928.)